

- **Board of Directors**  
**Engineering and Capital Programs Committee**

October 9, 2007 Board Meeting

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**8-1**

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**Subject**

Authorize increase of \$3 million to existing agreement with the United States Forest Service for reimbursement of staff support on the Arrowhead Tunnels of the Inland Feeder Program (Approp. 15122)

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**Description**

The Inland Feeder Program consists of 44 miles of pipelines and tunnels that will enable Metropolitan to convey up to 1,000 cubic feet per second of State Water Project supplies from Devil Canyon Afterbay to Diamond Valley Lake. To date, eight of nine construction contracts totaling \$542 million have been completed. These completed contracts represent 36.3 miles or 82 percent of the Inland Feeder's length. Remaining program work includes completion of the Arrowhead Tunnels, which are presently under construction. The current contract for the Arrowhead East and West Tunnels, which was originally planned to be completed by early 2007, has a revised completion date of September 2010.

The Arrowhead Tunnels pass through the San Bernardino Mountains. The tunnels stretch from Devil Canyon Portal, located north of the city of San Bernardino, to City Creek, located north of the city of Highland. The Arrowhead West Tunnel and the Arrowhead East Tunnel are 3.8 and 5.7 miles in length, respectively. The alignments of both tunnels fall within the San Bernardino National Forest, and consequently Metropolitan's construction activities are within the jurisdiction of the United States Forest Service (USFS). Construction of the tunnels is governed by a Special Use Permit that has been issued to Metropolitan by the USFS. Recently, the USFS extended Metropolitan's Special Use Permit to the end of 2012 based on the updated completion date of September 2010 for the Arrowhead Tunnels.

In order to develop the conditions of the Special Use Permit, Metropolitan and the USFS worked in a collaborative manner to optimize the design and construction techniques of the tunnels to minimize short-term impacts on the local groundwater table from tunnel construction. Terms of the Special Use Permit include adoption of a Collection Agreement between both parties, the purpose of which is to provide a mechanism for Metropolitan to reimburse the USFS for its staff time spent working with Metropolitan. It is common for federal agencies to require reimbursement for staff time spent on specific projects, as in this case. USFS staff support includes: review of groundwater monitoring programs; development of groundwater models; review of tunnel inflow criteria; monitoring of mining activities; and monitoring of environmental mitigation programs. Additionally, as required under the Special Use Permit, the Collection Agreement provides for reimbursement of USFS monitoring expenses for an approximately two-year period following completion of tunnel construction.

In 1997, the Board initially authorized the Collection Agreement between Metropolitan and the USFS. The agreement currently has a maximum payable amount of \$5 million, which is based on the original tunnel completion date of late 2007. With the Arrowhead Tunnels now expected to be completed by September 2010, staff recommends that the Collection Agreement be amended to reimburse USFS monitoring efforts through the end of 2012.

This action authorizes an increase of \$3 million to the existing agreement with the USFS, for a new not-to-exceed total of \$8 million, to provide USFS staff support on the Arrowhead Tunnels project. No funds are required to be appropriated, as sufficient funds are available within the program's remaining budget. Upon approval of this action, staff will move \$3 million from the remaining budget into the active portion of the program budget. The Inland Feeder Program budget remains at \$1.186 billion.

This program has been evaluated and recommended by Metropolitan's Capital Investment Plan Evaluation Team, and funds have been included within the fiscal year 2007/08 capital budget.

## **Policy**

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Metropolitan Water District Administrative Code Section 8115: Negotiated Contracts

### **California Environmental Quality Act (CEQA)**

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CEQA determination for Option #1:

The environmental effects from the construction of the Arrowhead Tunnels were evaluated in the IFP Final Environmental Impact Report/Environmental Assessment (Final EIR/EA), which was certified by the Board in February 1993. The Board also approved the Findings of Fact (findings), the Mitigation Monitoring and Reporting Program (MMRP), the Statement of Overriding Considerations (SOC), and the IFP itself. The present proposed board action is solely based on increasing and extending an existing agreement with the USFS to continue providing staff support for construction of the Arrowhead Tunnels through late 2010 and not on any substantial changes to the original IFP. Hence, the previous IFP environmental documentation acted on by the Board in conjunction with the proposed action fully complies with CEQA and the State CEQA Guidelines. Accordingly, no further environmental documentation is necessary for the Board to act on the proposed action.

The CEQA determination is: Determine that the proposed action has been previously addressed in the 1993 certified Final EIR/EA and related environmental documentation (i.e., findings, MMRP, and SOC) and that no further environmental analysis or documentation is required.

CEQA determination for Option #2:

None required

## **Board Options**

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### **Option #1**

Adopt the CEQA determination and authorize an increase of \$3 million to the existing agreement with the United States Forest Service, for a new not-to-exceed total of \$8 million.

**Fiscal Impact:** \$3 million of budgeted and previously appropriated funds under Approp. 15122

**Business Analysis:** As established in the Special Use Permit issued by the USFS, Metropolitan is contractually bound to reimburse the USFS for staff support through the completion of construction and post-construction activities on the Arrowhead Tunnels project.

### **Option #2**

Do not authorize the amendment and provide direction to staff regarding alternate negotiation terms for the agreement.

**Fiscal Impact:** Construction contract could be suspended due to revocation of the Special Use Permit and Metropolitan would be obligated to reimburse the contractor for costs incurred during such a delay.

**Business Analysis:** If the collection agreement is not amended, the USFS may withdraw Metropolitan's Special Use Permit to construct the Arrowhead Tunnels.

**Staff Recommendation**

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Option #1

  
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Roy L. Wolfe  
Manager, Corporate Resources

9/17/2007  
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Date

  
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Debra C. Man  
for Jeffrey Kightlinger  
General Manager

9/18/2007  
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Date

BLA #5447